



Public Meeting on Proposed Transaction Involving LRGHealthcare and Concord Hospital

February 23, 2021
4:00 p.m. to 6:00 p.m.



WELCOME

Thomas J. Donovan, Esq.
Director of Charitable Trusts
NH Attorney General's Office



INTRODUCTIONS

Laurie J. Storey-Manseau, Moderator
StoreyManseau, LLC



Commonwealth Medicine

Public & Private Health Solutions

Analysis of Proposed Transaction

- ❖ LRGHealthcare
- ❖ Concord Hospital

Public Hearing Presentation

Katharine London

Principal, Health Law & Policy

Commonwealth Medicine

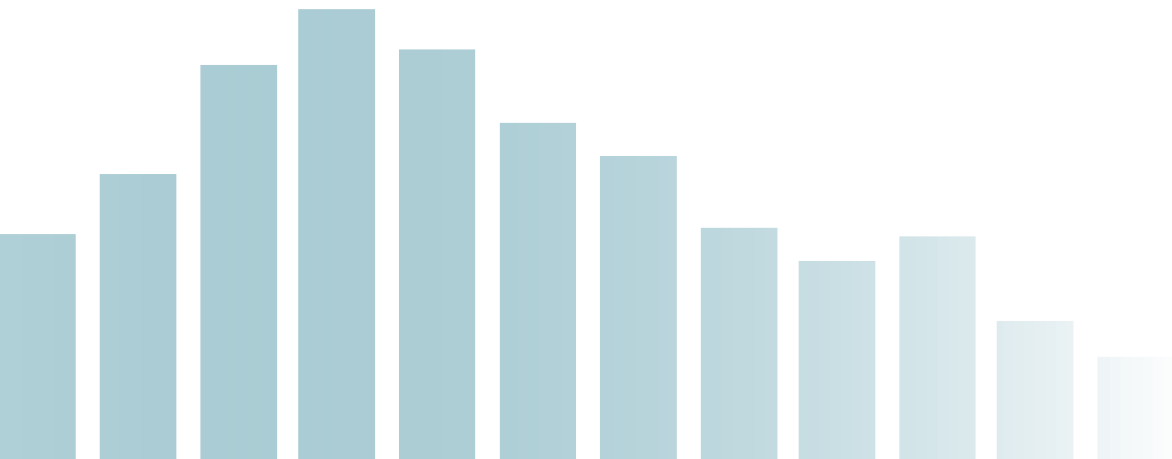
University of Massachusetts Medical School

February 23, 2021

Agenda

- ✓ Proposed Transaction
- ✓ Hospital Profiles
- ✓ Hospital Financial Analysis
- ✓ Cost & Quality
- ✓ Community Health Needs
- ✓ Questions for Consumers to Consider

Proposed Transaction



Introduction

- After declining financial performance in recent years, on October 19, 2020, LRGHealthcare, which owns Lakes Region General Hospital (Lakes) and Franklin Regional Hospital (Franklin), filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of New Hampshire.
- The bankruptcy court invited bids to purchase LRGHealthcare.
- Concord Hospital (Concord) was the only bidder.
- On January 6th, 2021, Concord filed a notice of proposed transaction with LRGHealthcare.¹

Summary of Proposed Transaction

- LRGHealthcare proposes to sell substantially all of its assets to Concord, a New Hampshire not-for-profit corporation.
- Concord commits to keeping the health care facilities that are currently run as Lakes and Franklin open and operating as acute care hospitals for a period of at least five years but will rename them Concord Hospital-Laconia and Concord Hospital-Franklin.
- Concord proposes that the new Concord Hospital-Laconia and Concord Hospital-Franklin entities may maintain current levels of service, but with no guarantees.

Potential Benefits

Concord and LRGHealthcare say the transaction would benefit NH by:

- Providing long-term financial stability for the hospitals.
- Leveraging the long-term partnership between Concord and LRGHealthcare to preserve care provision in the Lakes and Three Rivers regions.
- Maintaining the hospitals' charitable missions.
- Creating a three-year action plan to respond to health needs in the Lakes and Three Rivers regions.
- Improving access and operating efficiencies at Lakes and Franklin.

Stakeholder Concerns

Stakeholders have noted some concerns, including the possibility of:

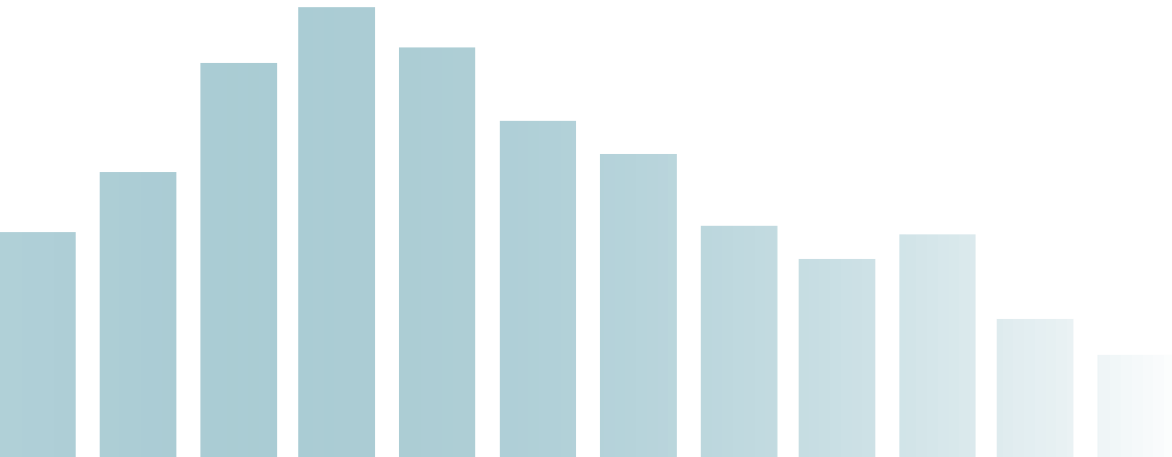
If the transaction **does not** occur:

- The hospitals will close; there will be no hospitals in the Lakes and Three Rivers regions.
- Lack of any hospital services in the region, including emergency services.

If the transaction **does** occur:

- Challenges accessing services, such as maternity, orthopedic and psychiatric services.
- Financial austerity measures further reducing access to services.
- Loss of collaboration with other health care providers in the region.
- Changes to charity care or uninsured policies after five years.

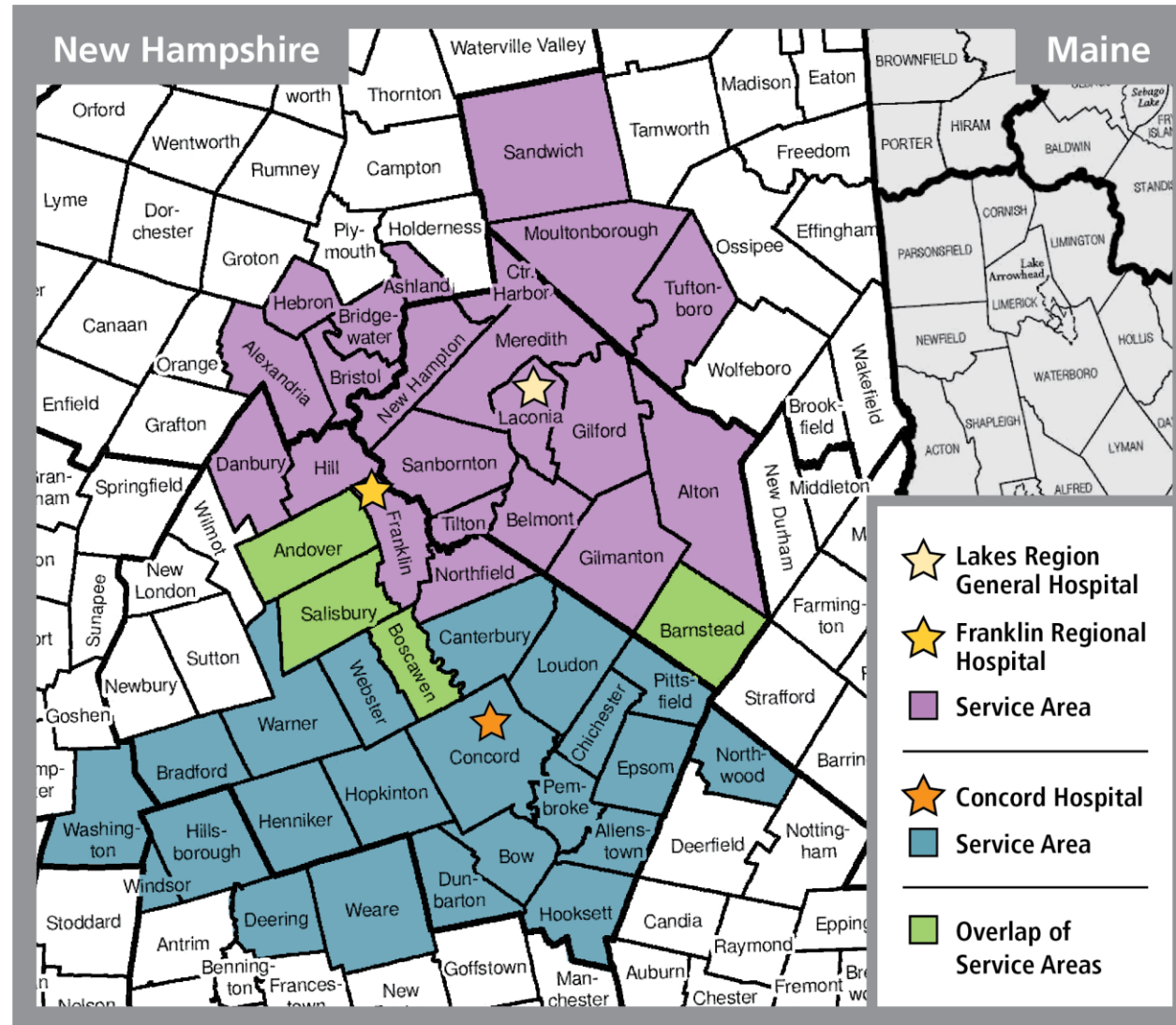
Hospital Profiles



Communities Served by Concord Hospital and LRGHealthcare*

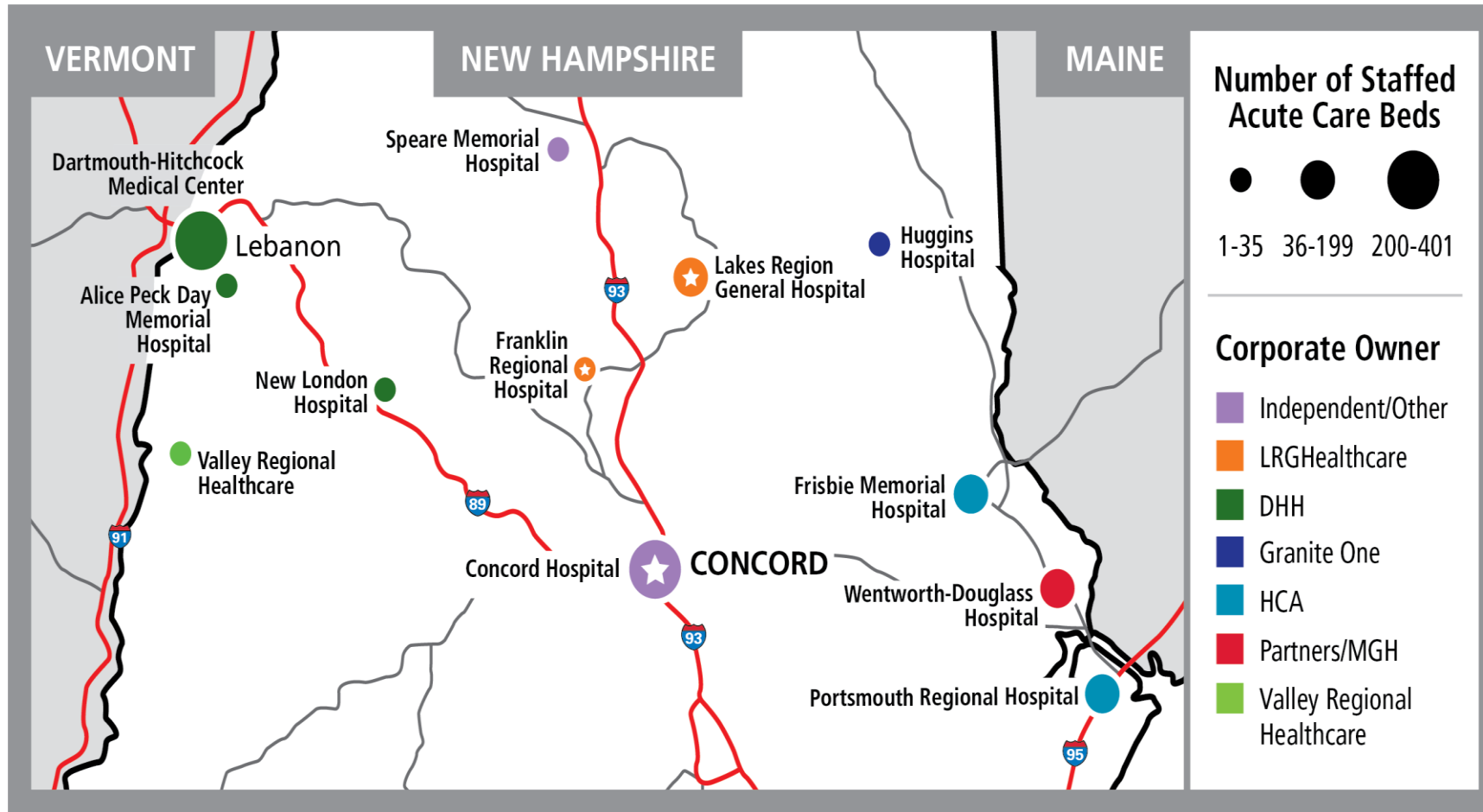
- LRGHealthcare identifies the communities shaded in **purple** as its service area.²
- Concord identifies the communities shaded in **blue** as its service area.³
- Communities shaded in **green** are overlap between the two reported service areas.

*This map shows the communities reported by the hospital as its primary service area; it does not reflect an anti-trust analysis.



Hospital Size and Ownership in New Hampshire

This map offers a view of the locations of various hospitals across New Hampshire, their sizes, and their corporate owner (if applicable).⁴



Hospitals at a Glance

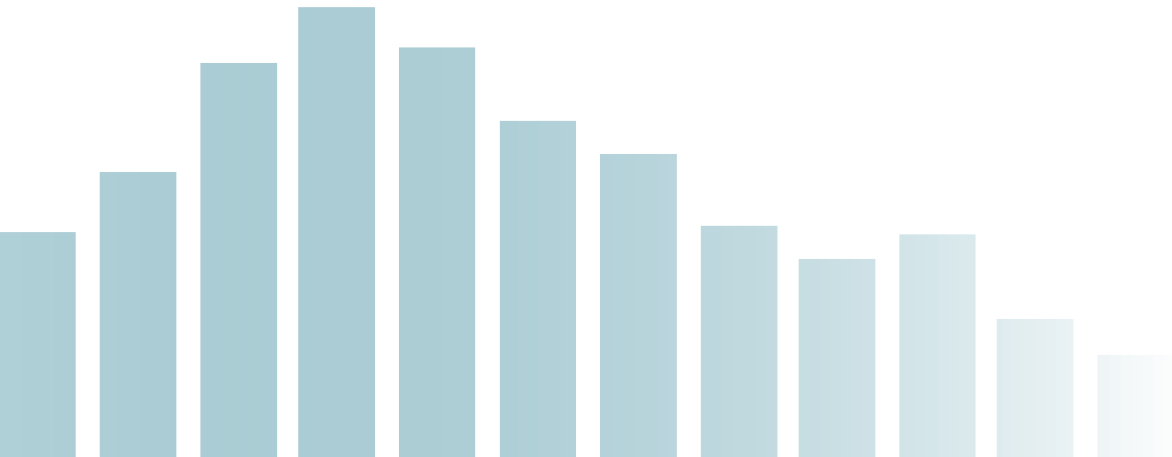
- Lakes and Franklin are parts of LRGHealthcare.
- Concord is part of the Capital Region Health Care Corporation.

	LRGHealthcare		Capital Region Health Care Corporation
	Lakes Region General Hospital (FY19)	Franklin Regional Hospital (FY19)	Concord Hospital (FY19)
Total # of Staffed Beds ^{5,6}	50	28	242
Total # of Licensed Beds ⁷	137	35	295
Bed Occupancy Rate ⁸	64.5%	49.0%	86.3%
Total Charity Care (millions) ^{2,3}	\$0.85		\$4.7
Total Charity Care (% of Total Revenue)	0.42%		0.9%
Total Operating Expenses (millions) ⁸	\$200.5	\$21.2	\$507.8
Total Net Patient Service Revenue (millions) ⁸	\$157.9	\$26.8	\$502.8
Total Revenue (millions) ⁸	\$172.1	\$30.7	\$517.6

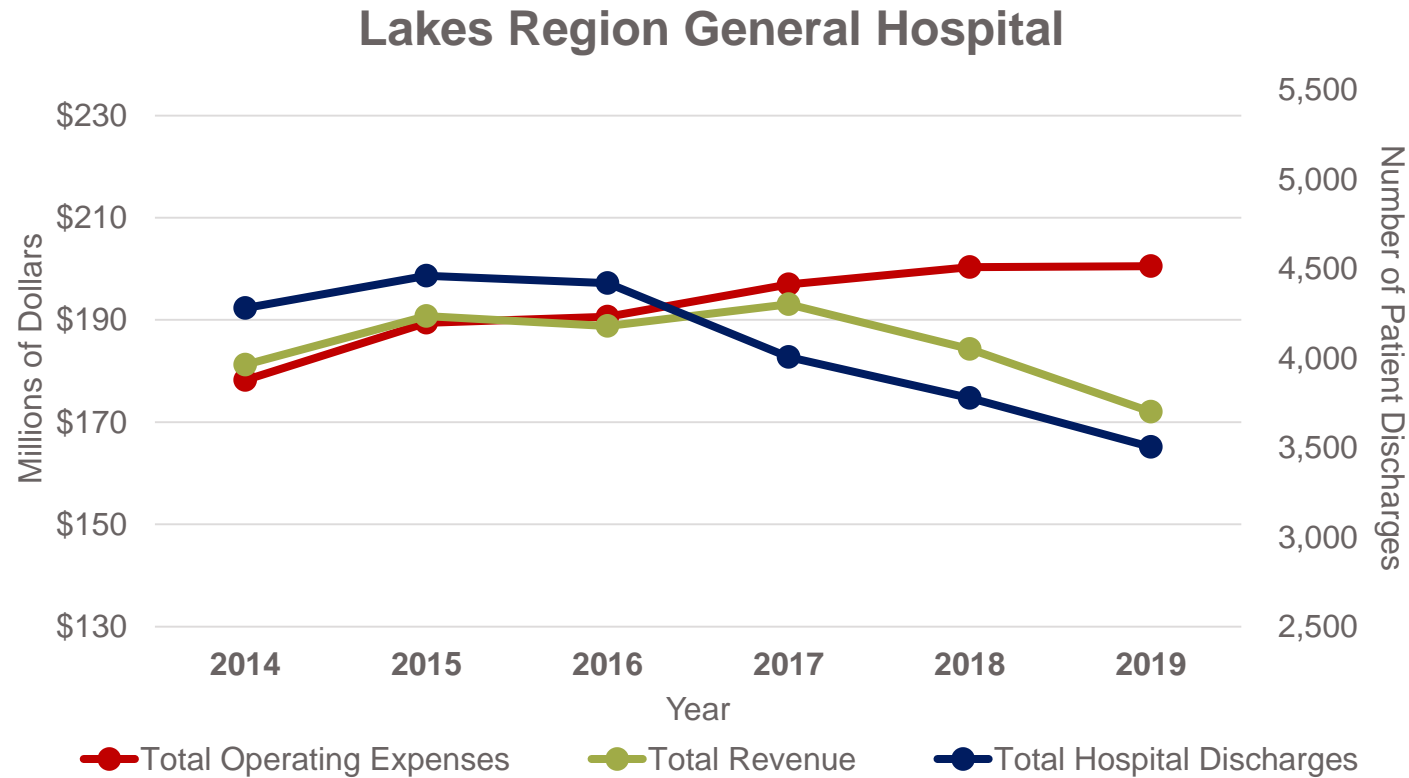
Notes:

- Staffed bed numbers for each hospital are current as of February 11, 2021. Counsel for LRGHealthcare clarified that staffed bed counts fluctuate depending on each hospital's ability to maintain staff.
- The 50 staffed beds at Lakes do not include geriatric psychiatry beds because LRGHealthcare does not have staff and cannot afford to hire for those roles.
- The 28 staffed beds at Franklin include 8 inpatient psychiatric beds. Franklin is licensed for 25 acute and 10 psychiatric beds.
- Bed occupancy rate is computed by dividing patient days by the number of total bed days available.
- LRGHealthcare filed a combined 2019 Community Benefit Report for all applicable facilities, including Franklin and Lakes.

Hospital Financial Analysis

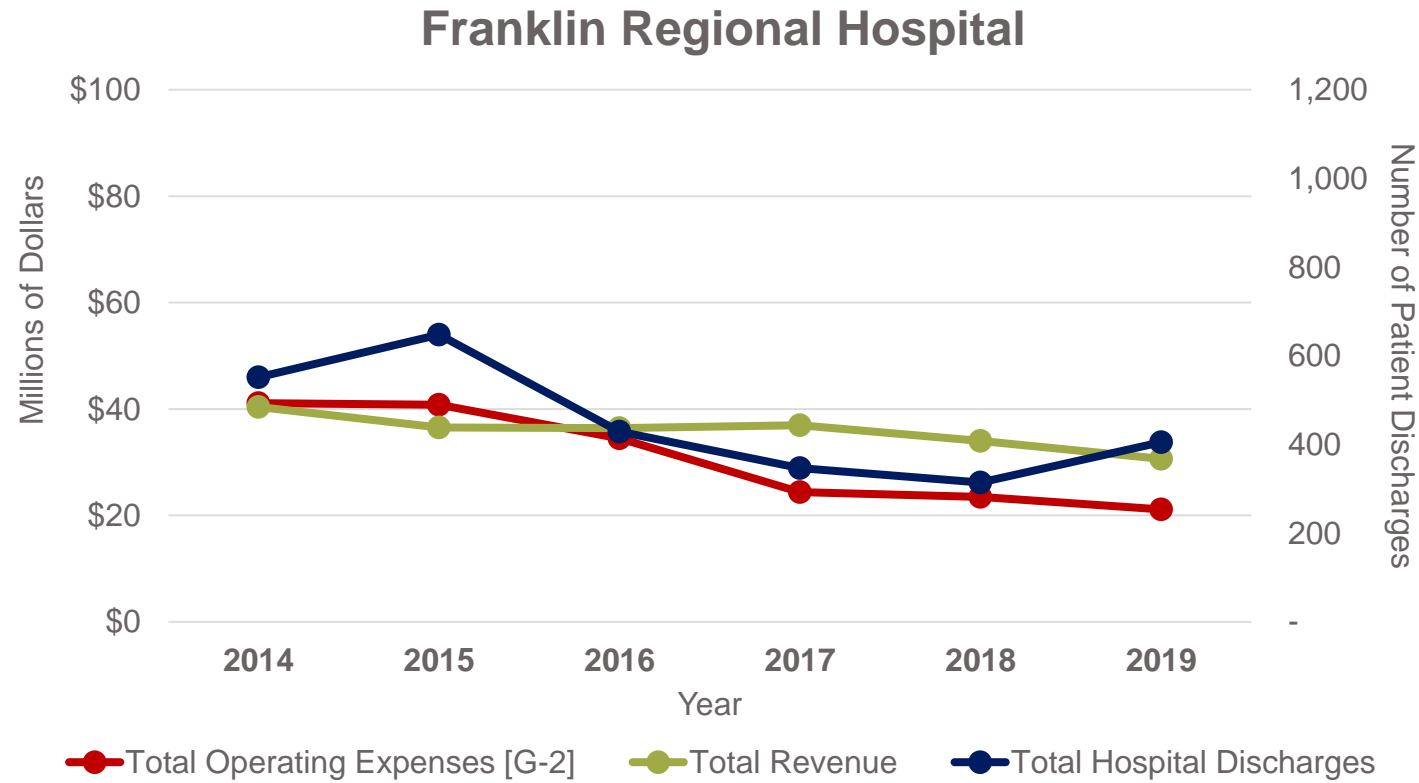


Lakes Region General Hospital Financial Analysis ⁸



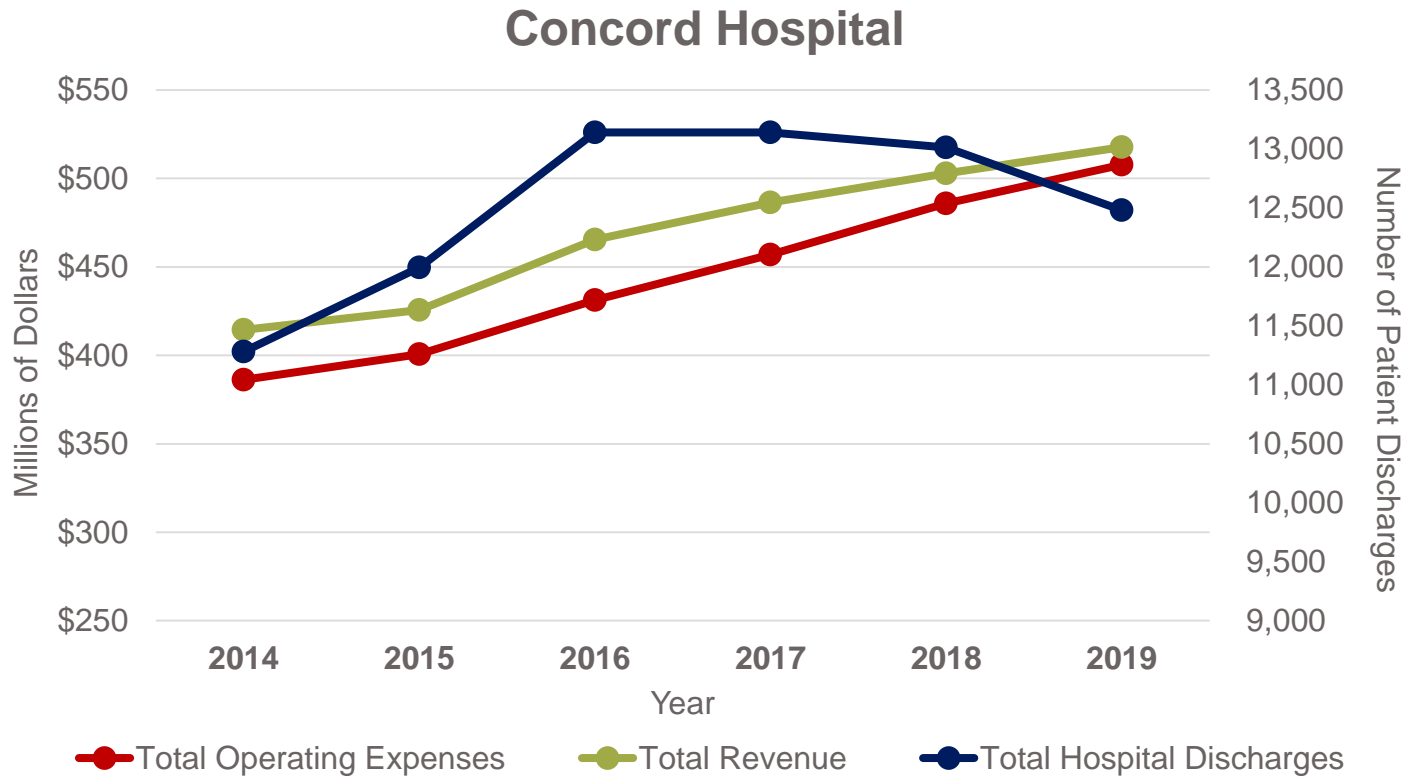
- From 2014-2019, Lake's expenses grew year over year. However, its revenue fluctuated over the same period with a precipitous drop beginning in 2017.
- Lake's inpatient volume remained steady between 2014 and 2016, but then dropped after 2016.

Franklin Regional Hospital Financial Analysis ⁸



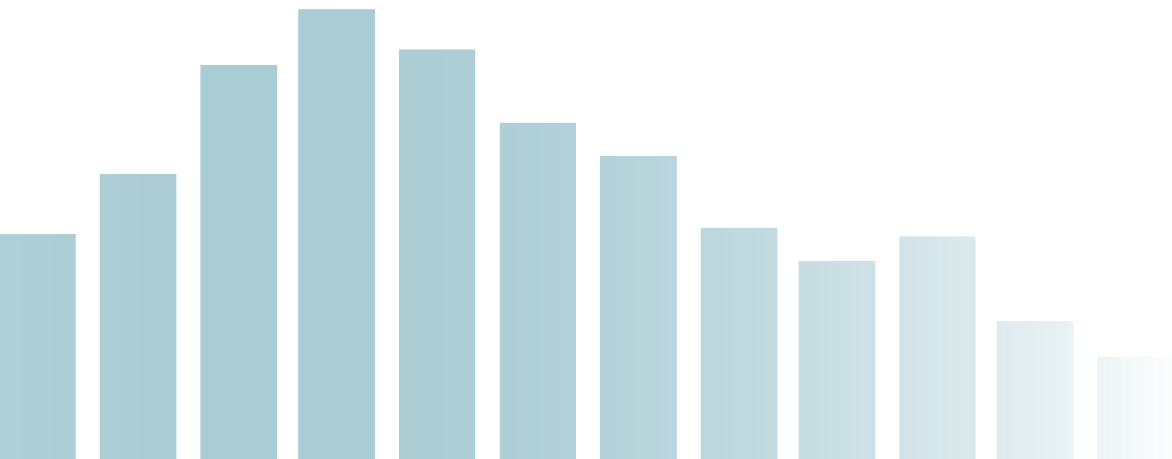
- From 2014-2019, Franklin's expenses and revenue decreased, however its expenses decreased faster than its revenues.
- Franklin's inpatient volume increased between 2014 and 2015, decreased between 2015 and 2018, and then increased between 2018 and 2019.

Concord Hospital Financial Analysis ⁸



- From 2014-2019, Concord's revenue and expenses steadily grew year over year, however its expenses grew faster than its revenue.
- Concord's inpatient volume saw growth from 2014-2016, a leveling off between 2016 and 2018, and then a drop between 2018 and 2019.

Cost & Quality



Hospital Payment Levels – Private Insurance Payments ⁹

- This table compares the average payment each hospital receives from the three largest private health plans, for the services it provides in each category, to the state median payment for the same sets of services.
- Payment levels from private health plans are similar across the three hospitals.

Private Insurance Payments		LRGHealthcare		Capital Region Health Care Corporation
		Lakes Region General Hospital	Franklin Regional Hospital	Concord Hospital
Emergency Visits	Anthem NH	Similar	Higher	Higher
	CIGNA	Higher	Higher	Higher
	Harvard Pilgrim HC	Higher	Higher	Higher
Office Visits	Anthem NH	Similar	Not Reported	Similar
	CIGNA	Higher		Higher
	Harvard Pilgrim HC	Higher		Similar
Outpatient Tests and Procedures*	Anthem NH	Similar	Not Reported	Similar
	CIGNA	Similar		Lower
	Harvard Pilgrim HC	Similar		Similar
Radiology Services	Anthem NH	Similar	Higher	Higher
	CIGNA	Lower	Similar	Similar
	Harvard Pilgrim HC	Similar	Similar	Higher

*Outpatient tests and procedures does not include radiology services or facility fees for ED and office visits.

Legend:	Higher	Health plan pays hospital a rate more than 10% higher than the state median
	Similar	Health plan pays hospital a rate similar to the state median
	Lower	Health plan pays hospital a rate more than 10% lower than the state median
	Not Reported	Data not reported

Hospital Payment Levels – Uninsured Payments ⁹

- NH HealthCost estimates the price each hospital offers to uninsured individuals, based on the hospital's charges less the discount the hospital offers to uninsured patients.
- This table compares the estimated discounted price that each hospital charges uninsured patients for the services it provides in each category, compared to the state median rate for the same sets of services.
- Concord provides greater discounts to uninsured patients than Franklin or Lakes.

Uninsured Payments**		LRGHealthcare		Capital Region Health Care Corporation
		Lakes Region General Hospital	Franklin Regional Hospital	Concord Hospital
Emergency Visits	Uninsured estimate**	Higher	Higher	Similar
Office Visits	Uninsured estimate**	Lower	Not Reported	Lower
Outpatient Tests and Procedures*	Uninsured estimate**	Higher	Not Reported	Lower
Radiology Services	Uninsured estimate**	Lower	Lower	Similar

*Outpatient tests and procedures does not include radiology services or facility fees for ED and office visits.

Legend:

Higher
Similar
Lower
Not Reported

Hospital charges uninsured patients a rate more than **10% higher** than the state median

Hospital charges uninsured patients a rate **similar to** the state median

Hospital charges uninsured patients a rate more than **10% lower** than the state median

Data not reported

Hospital Quality Snapshot – Comparison ^{10,11}

Franklin and Lakes perform similarly on multiple sets of NH HealthCost and CMS Hospital Compare quality measures, while Concord scored better on several measures.

Source	Measure*	LRGHealthcare		Capitol Region Health Care Corporation
		Lakes Region General Hospital	Franklin Regional Hospital	Concord Hospital
New Hampshire HealthCost Quality of Care Scores	Quality of Care Measures Better Than Average	3 out of 14	2 out of 12	4 out of 13
	Quality of Care Measures Near Average	5 out of 14	5 out of 12	6 out of 13
	Quality of Care Measures Worse Than Average	6 out of 14	5 out of 12	3 out of 13
U.S. Centers for Medicare and Medicaid Services (CMS) Hospital Compare	Overall Rating** (out of 5 stars)	★ ★ ★	★ ★ ★	★ ★ ★ ★
	Patient Experience Summary Star Rating*** (out of 5 stars)	★ ★ ★	Not Available	★ ★ ★ ★
	Unplanned Readmission Rating****	No Different Than the National Rate		

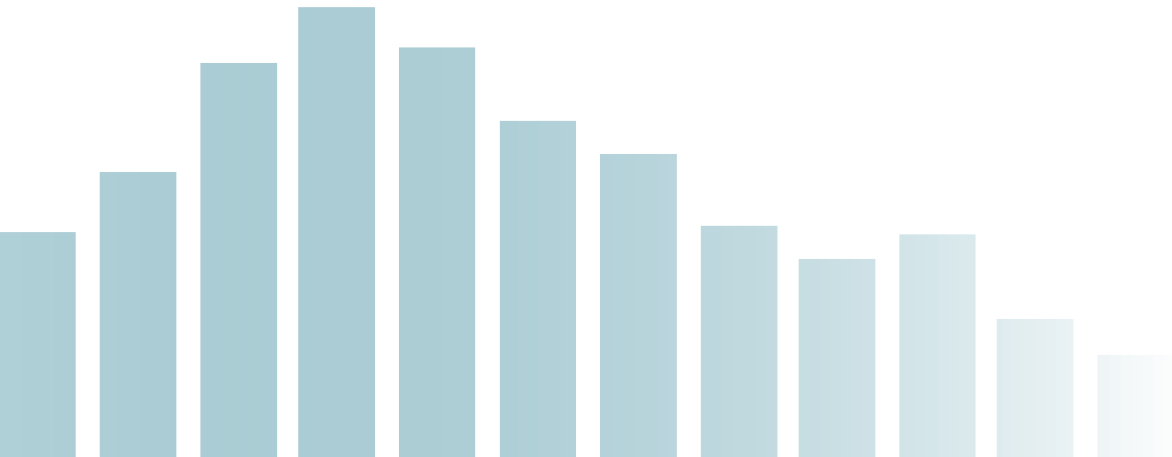
*Measures highlighted in shades of green are scores higher than the state or national average, shades of yellow are scores at or near the state or national average, and shades of red are scores lower than the state or national average.

**"Overall Rating" summarizes more than 100 measures of mortality, safety of care, readmission, patient experience, effectiveness of care, timeliness of care, and efficient use of medical imaging.

***"Patient Experience Summary Star Rating" summarizes survey responses from patients recently discharged from the hospital. The survey asked questions like how well a hospital's doctors and nurses communicated with the patient and how quiet their room was at night.

****"Unplanned Readmission Rating" reflects the share of patients readmitted to the hospital within 30 days of discharge compared to other hospitals across the country.

Community Health Needs



Key Population Health Measures – Merrimack County

- The municipalities of Concord and Franklin, as well as Merrimack County as a whole, performed similar to or better than the state average on most population health measures.
- However, Concord, Franklin, and Merrimack County do have some challenges, such as those highlighted below.

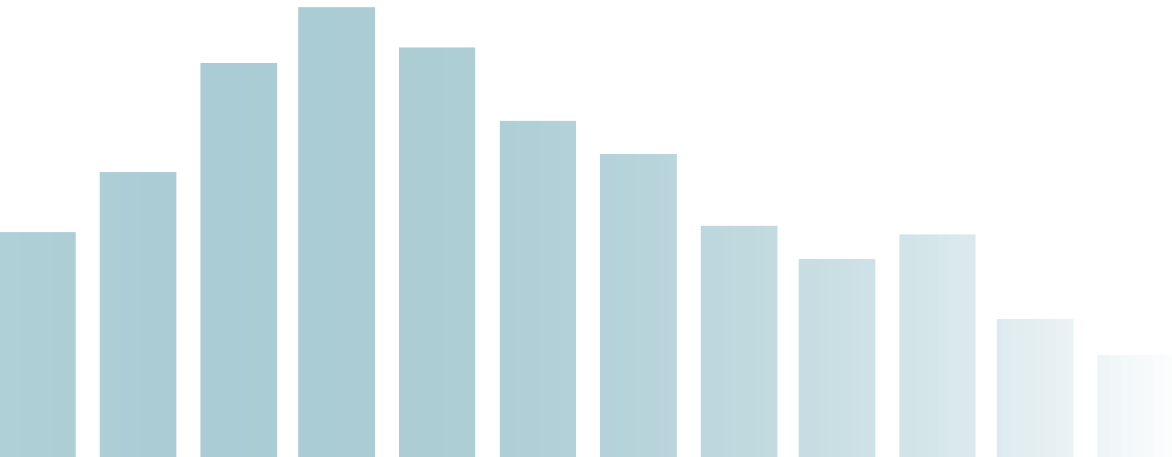
Measure	Concord	Franklin	Merrimack County	New Hampshire
Persons without health insurance, under age 65 years	6.9% ¹²	9.9% ¹²	6.9% ¹²	7.6% ¹²
Number of diabetes related hospitalizations, per 100,000 adults	NA	NA	2,443.0 ¹³	1,419.0 ¹³
Number of drug related deaths per 100,000 people	NA	NA	40.0 ¹⁴	30.5 ¹⁴
Number of drug related ED visits per 100,000 people	NA	NA	548.0 ¹⁴	369.3 ¹⁴
Number of births per 100,000 female population, ages 15-19	NA	NA	1,600 ¹⁵	1,100 ¹⁵

Key Population Health Measures – Belknap County

- Laconia and Belknap County performed similar to or better than the state average on most population health measures.
- However, Laconia and Belknap County do have some health challenges, such as those highlighted below.

Measure	Laconia	Belknap County	New Hampshire
Percent of adults who currently have asthma, ages 18 and older	NA	15.2% ¹⁶	13.2% ¹⁶
Number of deaths among residents under age 75 per 100,000	NA	575.3 ¹⁷	426.9 ¹⁷
Percentage of driving deaths with alcohol involvement	NA	40.0% ¹⁵	30.0% ¹⁵
Number of births per 100,000 female population ages 15-19	NA	1,600 ¹⁵	1,100 ¹⁵
Ratio of population to primary care physicians	NA	1,560:1 ¹⁵	1,100:1 ¹⁵
Ratio of population to dentists	NA	1,490:1 ¹⁵	1,340:1 ¹⁵

Questions for Consumers to Consider



Questions for Consideration

- Is the proposed transaction in the best interest of the community?
- Will the transaction provide financial stability for all hospitals involved?
- Will the transaction result in better access, similar access, or less access to hospital care in the region?
- Will the community have access to all needed services in the region?
- Will the transaction maintain access to services for:
 - Uninsured individuals?
 - Individuals with Medicaid coverage?
 - Individuals with Medicare coverage?
 - Individuals with private coverage?

Questions for Consideration

- Will the transaction result in higher or lower costs for care?
- Will the transaction maintain or improve the quality and safety of clinical services available locally?
- Will the needs of each local community served by its hospital be considered when the new combined system sets priorities?
- How much local control will member hospitals and entities retain following the acquisition?
- Will the new entity continue existing partnerships with community organizations and providers such as Lakes Region Mental Health Center, HealthFirst Family Care Center and The Doorways?
- Will the transaction increase or decrease local employment?

Questions and Comments

Comments regarding the proposed transaction may be sent to:

Director of Charitable Trusts
Department of Justice
33 Capitol Street
Concord, NH 03301

or by email to: charitabletrusts2@doj.nh.gov

More information about the proposed transaction is available at:

<https://www.doj.nh.gov/charitable-trusts/hospitals.htm>

Thank You



Katharine London

Public & Private Health Solutions,
Principal, Health Law & Policy

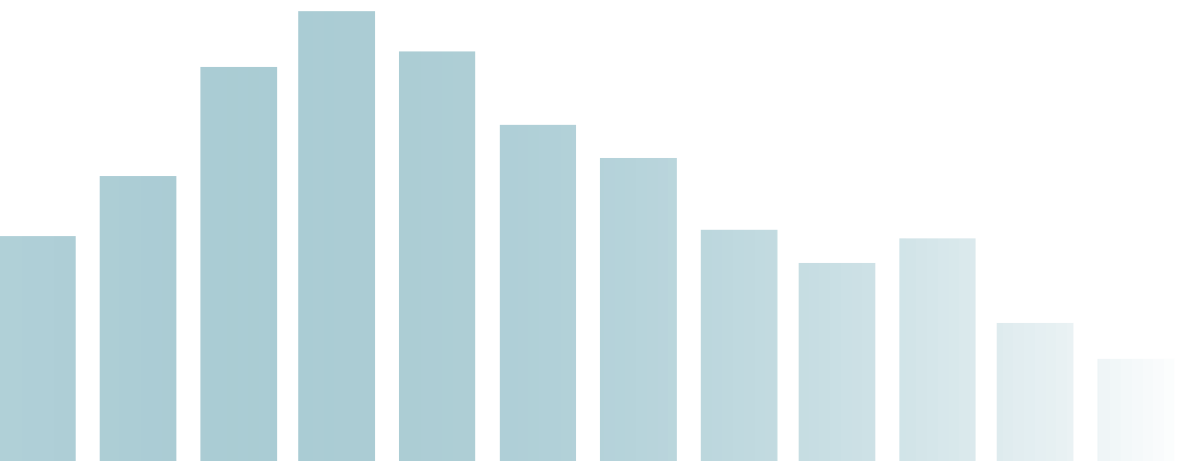
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Appendix



Appendix: Citations

1. NH Department of Justice, Office of the Attorney General, Charitable Trusts Unit: Pending Hospital Transactions. Available at <https://www.doj.nh.gov/charitable-trusts/hospitals.htm>. Accessed on January 29, 2021.
2. LRGHealthcare Community Benefits Report, 2019. Available at <https://www.doj.nh.gov/charitable-trusts/documents/2019-lrgh.pdf>. Accessed on January 29, 2021.
3. Concord Hospital Community Benefit Report, 2019. Available at <https://www.doj.nh.gov/charitable-trusts/documents/2019-concord-hospital.pdf>. Accessed on January 29, 2021.
4. Hospital ownership data retrieved from multiple sources.
5. Email from NH DOJ to UMass re “staffed bed.” Date February 9, 2021.
6. Email from NH DOJ to UMass re “staffed bed.” Date February 8, 2021.
7. New Hampshire Department of Justice, Charitable Trusts Unit: Joint Notice of Proposed Acquisition Transaction to Director of Charitable Trusts. Available at <https://www.doj.nh.gov/charitable-trusts/documents/ch-lrgh-change-of-control.pdf>. Accessed on February 9, 2021.
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9. Authors' analysis of NH Comprehensive Health Care Information System (CHIS) Group Medical Plans and Uninsured Claims only, FY2020 Q2. Authors calculated the median payment by insurer by service for each hospital and median payment by insurer by service for the state as a whole. The chart shows the average of the median payment the hospital received for each service category, weighted by the hospital's service mix. The chart compares this amount to the average state median payment amount for each service weighted by the hospital's service mix. by the authors and staff of the New Hampshire Insurance Division.
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11. Medicare Hospital Compare Profiles: Concord Hospital, Franklin Regional Hospital, and Lakes Region General Hospital. Available at <https://www.medicare.gov/hospitalcompare/search.html>. Accessed on January 29, 2021.
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14. New Hampshire Information and Analysis Center: New Hampshire Drug Monitoring Report, 2019 Overview Report. Available at <https://www.dhhs.nh.gov/dcbcs/bdas/documents/2019-dmi-overview.pdf>. Accessed February 12, 2021.
15. Robert Wood Johnson Foundation: County Health Rankings & Roadmaps – Merrimack County, NH Profile. Available at <https://www.countyhealthrankings.org/app/new-hampshire/2020/rankings/merrimack/county/outcomes/overall/snapshot>. Accessed on February 9, 2021.
16. New Hampshire Department of Health and Human Services, Division of Public Health Services: Asthma Burden Report, Update (2019). Available at <https://www.dhhs.nh.gov/dphs/cdpc/asthma/documents/asthma-burden-2019.pdf>. Accessed on February 11, 2021.
17. Centers for Disease Control and Prevention, National Center for Health Statistics. Underlying Cause of Death 1999-2019 on CDC WONDER Online Database. Data are from the Multiple Cause of Death Files, 1999-2019, as compiled from data provided by the 57 vital statistics jurisdictions through the Vital Statistics Cooperative Program. Available at <http://wonder.cdc.gov/ucd-icd10.html>. Accessed on February 12, 2021.

Serving the Best Interests of LRGHealthcare's Community

- Preserves community-based healthcare services for the region;
- A long history of support and partnership;
- Contiguous service areas and access to specialty services;
- LRGHealthcare and Concord Hospital are both not-for-profit, mission driven organizations focused on the health needs of the communities they serve;
- Both organizations are committed to providing care and caring to patients.

What Does This Mean to LRGHealthcare Employees and Community Members?

- Sustainable health system;
- Access to needed medical care and quality health services;
- Continued investment for charitable programs and services;
- Ongoing employment for many with an organization that has decades-long history of stability and success;
- Access to many other professional opportunities throughout the health system;
- Commitment to maintaining and investing in the employee pension fund.

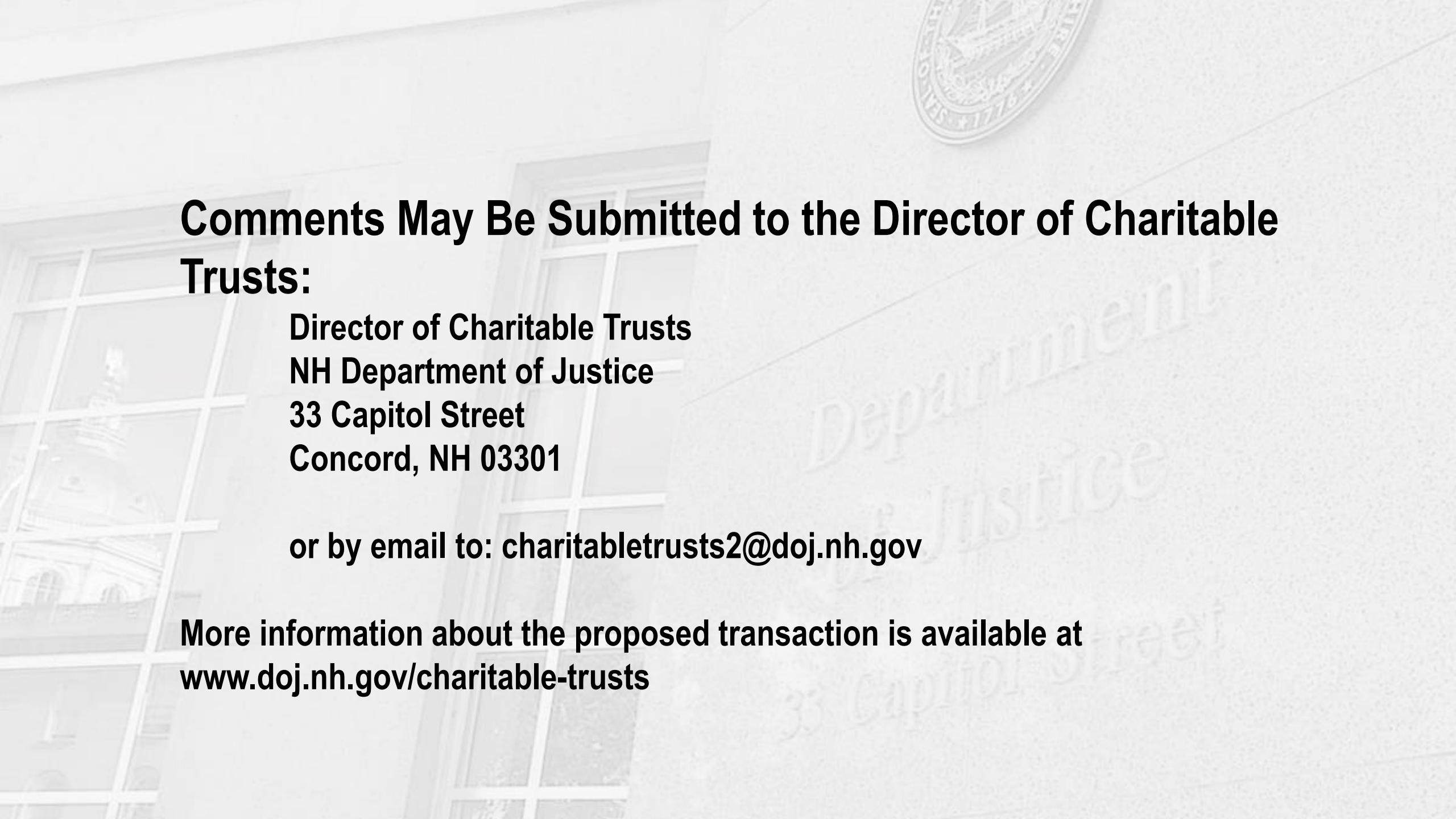


Q & A

Laurie J. Storey-Manseau, Moderator

Q & A Ground Rules

- Question/Comments:
 - To speak: raise your hand by clicking on the hand in the “reactions” feature
 - To submit a written comment or question: Use the “chat” feature
 - When speaking, please state your question or comment in less than 3 minutes. If someone asks a question similar to the question you plan to ask, please refrain from asking it so that there is sufficient time to respond to all questions.
- Responders: Please respond in less than 3 minutes.
- Please refrain from personal attacks.



Comments May Be Submitted to the Director of Charitable Trusts:

**Director of Charitable Trusts
NH Department of Justice
33 Capitol Street
Concord, NH 03301**

or by email to: charitabletrusts2@doj.nh.gov

**More information about the proposed transaction is available at
www.doj.nh.gov/charitable-trusts**